

News and Information

from the Tennessee Division of Consumer Affairs

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**Weekly Column by David McCollum, Director
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A Cautionary Tale for Car-Buyers

Does the lure of close-out sales pull you toward the car dealership this time of year? If so, you should read this cautionary tale before you consider purchasing a vehicle.

The Division of Consumer Affairs recently received a complaint from a young couple who had made almost every possible mistake in purchasing a vehicle. First, they agreed to a purchase price \$2000 too high. Any reputable dealer will be willing to show you the blue book value of a vehicle, and dozens of websites post car values on the internet. Always check the blue book value of a vehicle before agreeing to a selling price.

Second, they took a car home after agreeing to a sale "subject to financing." Several weeks later, the financing fell through, and the vehicle had to be returned. Always wait until financing is approved before you take the car home. Meanwhile, they were not making payments on the vehicle they traded in, not knowing whether or not the dealer had paid the note as agreed. If the dealer agrees to pay off the balance on your trade in, always contact the lender to be certain that the debt on your trade in has been paid.

Because the financing had not come through, the dealer never paid the debt on the car they traded in. Since they had failed to make payments on the vehicle while the financing issue was unresolved, the old car was repossessed. The old car was sold at auction for wholesale value, which was less than the amount they owed. In the end, the couple was \$3500 in debt and didn't have a car at all.

Obviously, this couple made a series of mistakes, but ignoring just one of these rules can lead to problems. By learning from their mistakes, you can make your car-buying experience a good one.